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NiceHash CEO speaks out after $60m cryptocurrency hack

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In an exclusive interview with *WikiTribune*, Marko Kobal, the CEO of NiceHash – a Slovenian-based crypto-mining marketplace – said that his company is "working on a solution to ensure that all users are reimbursed" for the $60m hack that took place last week. He also added that due to the authorities' ongoing investigations, he can't provide any "further specific details on the breach", but will issue regular updates.

WikiTribune broke the story that NiceHash may have been hacked for around $60m, and the company posted an official statement shortly after confirming that it was true.

NiceHash is a place for users to buy "hashing power," that is computing power for mining different cryptocurrencies such as Bitcoin. Mining is the process of adding transaction records to the blockchain – a technology that allows for anonymous and secure peer-to-peer transactions.

The $60m hack has divided the cryptocurrency community, with some believing it's an inside job and blaming company incompetence. Others are choosing to stick with NiceHash, citing a lack of better alternatives.

Will M., who goes by the username bitbug42 on Reddit, is a buyer on the NiceHash platform and had about 1.2 BTC (approx. $20,000) on deposit when the hack happened. He told *WikiTribune* that the hack does not make him any more doubtful of Bitcoin because it's due to a failure of NiceHash. "It's like if a human forgot to close the vault's door, I blame the human error, not the lock machinery," M. said.

"That being said, while for now I'm willing to give [NiceHash] the time necessary to make things right, I will give them my business again in the future only if at some point they are able to repay users and show that they truly improved their security," he said. "If it doesn't work out, I'll just move on regardless of the amount I've invested into them in the past."

WikiTribune sent some questions via email after the confirmed hack – a few of which were from Reddit users – to NiceHash to clarify the extent of the hack. Here is an interview with CEO, Marko Kobal. The transcript was edited for clarity.

Response to questions

Question: Users on Reddit pointed to a specific external wallet which has more than $60m on it. Can you confirm that this is the correct address?

Answer: That is correct, it is publicly available information on the Blockchain.

Q: Given that the stolen coins are visible to all, what realistic chance does the hacker have to hide, convert or spend these coins?

A: That's a very good question. The fact is that the world is watching that address now. Hackers must be aware of that fact and due to co-operation with major exchanges there is also a chance that the coins will be confiscated if moved to an exchange.

Q: Is the hacker(s) holding these stolen bitcoins to ransom in exchange for an alternative or untraceable payment?

A: Due to the authorities' ongoing investigations we can't provide any further specific details on the breach right now but our aim is to continue to give updates to our community. We have opened a dedicated community for researchers and blockchain experts to help track and analyze the stolen funds. The address is here.

Q: What steps will NiceHash take to regain its customers trust?

A: The support we have received from our community during this crisis has been immense. We are truly moved by the tens of thousands of messages from our community of miners. We are taking all the necessary steps to re-establish our systems with bullet-proof security protocols, and enable miners to start earning money again.

We understand why everyone is upset, and we are truly sorry. We are taking responsibility and want to demonstrate the openness and transparency which is the cornerstone of the world in which we work.

We know we have to build up trust again, we know that, but the overwhelming majority of our community of nearly 750,000 registered users have been very supportive and want us to get the site up and running so they can start making money, mining and leasing again.

It will take time but we are working on a solution to ensure all users are reimbursed. That is clearly a key concern for our users, and we understand this, we are not running away from our responsibilities. As soon as we have a plan in place we will update all users on our intended solution, and we're sorry for any inconvenience which has been caused.

We're going to make sure that we learn from this and come back even

Q: What's the likelihood of the company covering more than $60m in losses? Are you able to compensate users?

A: We fully intend to make this right. It's a matter of deep concern to us and we're working hard to rectify the matter in the coming days. We're working on a solution to ensure that all users are reimbursed. These things are delicate matters, and take time, so we would ask our community to be patient while we get this fixed and fully investigated. As soon as we have a full plan in place we will communicate it to our users and all those affected.

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Sources & References

Read: an additional background piece from Marko Kobal, CEO

Read: Full transcript of the unedited interview

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